

# LATIN AMERICAN REPORT

OCTOBER 1957

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**HEMISPHERE** Prominent United States and Latin American leaders meet at Harvard to grapple with problems of inter-American business.

**CURACAO** Caribbean island-paradise for fun and world shopping delights travelers with its early Dutch colonial charm.

**VENEZUELA** Brilliant young research scientist sees his \$50 million dream taking shape on a mountain top overlooking Caracas.

**WASHINGTON** Under Secretary of State Roy Rubottom answers some pointed questions about inter-American affairs.

## HEMISPHERE'S BUSINESSMEN SPEAK OUT



# Mexico



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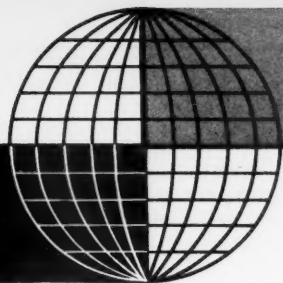
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# OUTLOOK

## HEMISPHERE

... With the launching of Sputnik, Russia put into motion more forces than the mere physical ones necessary to place the artificial moon on its determined orbit. These forces, in a sense, may prove more powerful in the long run than the ones which hoisted Sputnik several hundred miles above the earth.

In the Hemisphere the impact of these forces began to be felt within days after the shiny satellite began whirling around the earth. Initial reaction was one of head-shaking amazement at the Russian's bold coup. Then all eyes turned northward, toward the other powerful contestant in this fantastic international struggle.

"What will the mighty United States do now?" The question was everywhere—in newspaper headlines, over the airwaves, on people's lips. It was voiced with the excitement generated by a dull battle suddenly enlivened as one antagonist gets in a good punch. How effective Latins regarded that punch was aptly and humorously implied in a political cartoon that appeared in a Panamanian newspaper: The spaceman-garbed figure of Eisenhower stands on the moon looking at an approaching space ship piloted by Khrushchev. Boasts Ike: "Ha! I told you we'd make it to the moon before you did!" Replies the Russian: "And what makes you think we're coming from earth?"

More pertinent than the spectator interest now holding the attention of the Latin American countries is another Sputnik consequence—a consequence much more dangerous to the security of the Hemisphere.

This is the resurging boldness of Communism in the Americas, fed by the skyrocketed prestige of Russian technology. A case in point is Brazil. Traditionally, Brazil has had one of the largest and most active Communist parties in the Hemisphere; for several years now, however, it has been outlawed and its leader, Luis Carlos Prestes, has dodged legal charges pending against him.

Yet within days of Sputnik's grand appearance, Brazil's Communist machinery has begun to shift from a defensive to an offensive position. Prestes suddenly found himself willing to take

his chances with the authorities. And Prestes' second-in-command, Diogenes Arruda, casually mentioned to newsmen that now "conditions appear favorable" for the Communist party to regain its legal status in Brazil.

Unfortunately, other than Communists were speaking along these lines. In the Chamber of Deputies, Social-Democrat Cid Carvalho, with Sputnik in mind, said that Russia had passed from a backward country to the "leader in the technological field." Adding two and two he concluded that Sputnik and Prestes' decision to restore legality to himself and the Communist party was no coincidence. That the walls against organized Communism may already be cracking was revealed when Deputy Carvalho advocated "legality for all the parties, even the Communists. . . ." despite his misgivings.

Misgivings abounded in other quarters too, particularly in São Paulo, where labor strikes virtually paralyzed this city's enormous industrial complex. Persistent rumors laid the strikes—and the violence that characterized them—to emboldened Communist elements in the unions.

Said a Brazilian newspaperman recently in the United States: "This firing of a satellite by the Russians is a serious blow to United States prestige in Brazil. Only the future can tell how far-reaching its effects will be."

In the immediate frenzy to drop everything and catch up with the Red satellite, it appeared that the United States might be overlooking other steps it could take to nullify—or at least ameliorate—the effects of Sputnik among its hemispheric neighbors. Whether calm thinking will eventually prevail and these steps be taken still remains to be seen.

... While most Latinos looked skyward in amazement at Sputnik, a few others peered down in dismay at the falling price of one of the hemisphere's economic mainstays: coffee.

Already the declining value of wholesale coffee—as registered on the U. S. market, largest consumer for Latin producers—has resulted in some economic belt tightening and frenzied scurrying for feasible corrections of the situation.

Little El Salvador, which depends almost exclusively on coffee for its foreign exchange, announced that it would have to curtail some of its projects for 1958.

President José María Lemus admitted in a press conference recently that the "coffee crisis" affected about \$20 million in governmental revenues.

Probably worst affected of all the coffee-producing nations is Brazil, largest single supplier. During calendar year 1956 Brazil supplied 44 percent of the world coffee exports; predicted exports for the 12 months ending in October, 1958: 39 percent.

Two big factors are responsible for the coffee market's shaky condition. One is overproduction on the part of the Latin growers. Second is the growing slice of the market being captured by the cheaper African bean. In the past eight years African production has about doubled (8.5 million bags annually at present) and in the past year alone has increased by almost four percent its take of the U. S. market.

In a meeting of coffee-producing nations of the Americas held this month in Mexico City an agreement was reached which the signers hope will relieve the effects of overproduction. The agreement: to withhold not less than 20 percent of the exportable crop from consumer channels and thus keep prices from dropping any lower. The signing countries—which produce jointly 94 percent of the coffee in the hemisphere—are Brazil, Colombia, El Salvador, Costa Rica, Nicaragua and Mexico.

Despite this effort, however, observers close to the industry give the pact low odds of having much success. They point out that similar agreements have been drawn up before, only to break down after signatory nations ignored the terms when it was to their advantages. Furthermore, with the exception of Colombia and Brazil, none of these countries have adequate facilities for large quantities of surpluses. Diehard skeptics, moreover, feel that rather than help, the voluntary withholding of American-produced coffee will serve only to open up more of the market for the African competitor.

Faced with such unpleasant alternatives, Latin America's coffee producing



## OUTLOOK

nations still cannot look forward to a time when they are not haunted by the spectre of one-crop economies subject to the whims of the world's coffee drinkers.

### BOLIVIA-BRAZIL

... Still hanging fire is an agreement between these two countries on exploration of the potentially oil-rich province of Santa Cruz in eastern Bolivia. For several months now (See LAR August 1957) the Bolivian government has been pressing Brazil to do something about its exploration option in the 8.6-million-acre reserve, or get out.

But national and international complications have confused the issue and raised tempers to the point of bitter across-the-border accusations. After six weeks of fruitless discussions in La Paz, Bolivians accused the Brazilian delegation of attempting to practice imperialism in its dealings. Later rumors spread that Brazilian interests have been promoting unrest in the Santa Cruz province to spur a so-called "secessionist" movement.

Brazil's Foreign Ministry indignantly denied these inferences, complicated the issue further by pointing an accusing finger at United States oil companies which would benefit—the reasoning goes—by a breakdown of the Bolivian-Brazilian treaty.

This agreement dates back to 1938 when Brazil built a railroad into Bolivia in exchange for rights to joint oil exploitation of the Santa Cruz area and a share of the earnings. For years the treaty was nothing more than a scrap of paper since neither country had the facilities or financing to exercise its provisions. But in 1955 when Bolivia opened up its territory to exploration by foreign companies, Santa Cruz emerged as a very desirable plum.

Obviously Brazil thinks of its concession as a plum too, but can't quite cope with it. Strangled in its own domestic production by nationalistic policies which limit the industry to the money-short, technology-short efforts of a state-owned petroleum monopoly, there seems to be little possibility that Brazil could exercise its Bolivian option—at least within the foreseeable future. Yet the thought of conceding to Bolivia its wish to bring in foreign financing to exploit the area is anathema to Brazil's nationalists. To them such a move would constitute a back-door entry into Brazil itself.

Further darkening the Brazilian nationalists' nightmare of infiltrating foreigners was the news that neighboring Paraguay had granted the Pure Oil Company of Chicago a 14.5 million acre exploration and drilling concession—the country's first. This meant that the nationalistic bulwark against foreign oil

companies had crumbled in still another Latin American country. It also meant that unless Brazil and Bolivia end their haggling soon, some of that rich oil bed under Santa Cruz may be tapped from the Paraguayan side.

### COLOMBIA

... A long step toward solving Colombia's ages-old transportation dilemma has been taken with the opening of a 90-mile stretch of railroad between the two Magdalena river ports of La Dorada and Puerto Berrio. One immediate result of this link is that the capital, Bogotá, and Medellín, Colombia's principal industrial center, are joined by rail for the first time in history.

The new line will be part of the 468-mile Atlantic railroad stretching half the country's length from Bogotá to the Atlantic seaports of Santa Marta and Barranquilla. Estimates now are that the entire project will be completed by early 1960.

Aside from its practical implications, the Atlantic railroad stands out as an impressive example of Colombia's increasing development. Equally noteworthy are other projects currently underway, of which one of the most significant is a giant oil refinery now nearing completion in the Atlantic port city of Cartagena.

With this refinery in operation, Dr. Antonio Alvarez Restrepo, Colombia's Finance Minister, has said, the country will become practically self-sufficient in its petroleum products needs.

Dr. Alvarez estimates that his country's economy right now is much healthier than that of some other Latin American countries, despite the years of maladministration under the regime of Gustavo Rojas Pinilla ousted last May. For one thing, says the finance minister, Colombia now is producing about 97 percent of the foodstuffs it consumes. Another index is the decreasing foreign indebtedness of the country. During August alone it dropped by \$8,800,000 to bring the total backlog of Colombia's commercial debts in the United States down to \$23,700,000, a much more manageable sum than the \$126 million figure registered a year ago.

To get the country back on its financial feet, Colombians are having to swallow a bitter pill—austerity. This means complete denial of practically everything imported, from candy bars to Cadillacs. But the remedy is having its effect and beneath their grumbling, Colombians, from Finance Minister Alvarez on down, are taking it and keeping their fingers crossed.

### ECUADOR

... Transportation needs in Ecuador also received a healthy boost with an-

nouncement that the International Bank for Reconstruction and Development will loan the country \$14.5 million for road construction and maintenance.

With a sorely inadequate present highway system of some 2000 miles—most of which is gravel—Ecuador has been in dire need of improved road facilities. The loan will be used to build four roads totaling 330 miles. Longest of these will complete the highway between the capital, Quito, and Guayaquil, the country's principal port.

Bound to benefit from these improvements is the nation's economy. New and better roads will open up virginal, fertile country—of which there is much in Ecuador—and encourage agricultural and industrial movement, both for domestic markets and for export.

### VENEZUELA

... Piqued by the foot-dragging and apparent lack of interest of his neighbors, President Marcos Pérez Jiménez has withdrawn his government's offer to ante up some \$33 million for a Venezuelan-proposed inter-American development fund.

President Pérez Jiménez explained that over more than a year's time seven American governments had approved his proposal, four had expressed no opinion, and nine suggested that the whole matter be turned over to the Inter-American Social and Economic Council of the Organization of American States. This suggestion, said the president, was "not opportune" and would only constitute "additional delay."

In a thinly-veiled blast at what he considered the procrastinating nature of fellow-governments, the general-president said, "Pan Americanism, continental solidarity and any other such concepts will continue to be theoretical plans headed for failure . . . if they are not translated into concrete measures."

With that failure to discourage it in community ventures, Venezuela soon announced that it would implement some concrete measures of its own to aid its sister republics on an individual basis. The measures: bilateral pacts of financial and technical assistance.

Thus wealthy Venezuela unveiled the first foreign aid program of any consequence to be sponsored by a Latin American country. Reportedly negotiations are already underway with Ecuador for a loan which may amount to \$15 million. Agreements with Paraguay and Haiti are said to be next on the list.

If the assistance plan works out as anticipated, Venezuela, financially fat from immense oil revenues, may set a commendable example of inter-Latin American cooperation and contribute tremendously towards her sister republics' development.



## THE UNCONCERNED

Developments during the past months now indicate most definitely that one of the truly big international fights will occur next year in the halls of the United States Congress when the Reciprocal Trade Agreements Act comes up for extension.

This conflict involves three separate groups in the United States—yet only two of the groups will be vocal.

One group, the free traders, will fight vehemently not only for continuance of the reciprocal trade program, but for even more liberal policies toward tariff regulations. The staunch protectionists, constituting the second group, will battle to have the entire program scuttled.

Then there is that third group, larger than the other two combined yet totally unaware of itself. It is composed of the man in the street who goes happily about his business unconcerned with whether the free trade program is continued or not.

Because of his utter indifference the man in the street permits the fight in Congress to resolve into a struggle along partisan lines. Advocates of the extension would like very much for this third group to become interested.

The problem is how—how to make the ice cream vendor in Miami, or the transit operator in New York recognize that in the final analysis he has a stake—an important one, too—in the Congressional fight over the free trade program.

Somewhere along the line a way must be found to explain to the member of this silent, indifferent group that the standard of living he enjoys, the goods that are available to him, are due not only to his own productive capacity. These benefits are a result also of those markets abroad which represent the added margin of profit, the rich icing on the enormous United States production cake.

Publishers like myself are charged with making available the information about such important matters. But it is up to the readers to study and to assimilate that which is written.

*William G. Gaudet*

PUBLISHER

Member, Inter American Press Association

**THIS MONTH'S COVER:** "Queen Emma," famous swinging pontoon bridge across the entrance to St. Anna Bay in colorful Willemstad. (Courtesy the Netherlands West Indies Tourist Bureau.)

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# LATIN AMERICAN REPORT

*Published monthly to record and interpret the changing history of our hemisphere.*

OCTOBER 1957  
VOL. II NO. 4

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# LETTERS

### Pleasantly Surprised

Dear Sir:

The August issue of LATIN AMERICAN REPORT has just been brought to my attention and I hasten to let you know that I am most pleasantly surprised to see such a fine magazine devoted exclusively to recording and interpreting the changing history of our hemisphere . . . wish you all the best in this endeavor.

I also was pleased to discover the attention given to Panama and to the Panama Canal, although not so pleased to read the entire article starting on page 20 without finding some recognition of the good the United States has done here and the benefits to Panama, though her economy has been tied to the Canal.

WILLIAM G. AREY, JR.  
Office of the President  
Panama Canal Company  
Balboa Heights, Canal Zone

### Don't Be Discouraged

Dear Sir:

Enclosing \$5 to renew my subscription for another year . . . You are doing very well and don't be discouraged about not always getting an issue out on time. You have a lot of readers rooting for you.

FRANK D. HUTTLINGER  
Philadelphia

### Teaching Aid

Dear Sir:

The articles in this magazine are well written and illustrated. They make an excellent teaching aid . . . Although publications delays have been an inconvenience, I hope they have helped to produce an even better magazine. Best wishes.

FRANK PAUL BENWELL  
Language Department  
Jefferson City Junior College  
Jefferson City, Mo.

### Reprints Available

Dear Sir:

We want to thank you for the wonderful story on the Colon Free Zone (LAR August). We are so pleased with

it we are wondering if LATIN AMERICAN REPORT could make reprints for us. We would need about 2,000 copies which we intend to distribute during the forthcoming 44th National Foreign Trade Convention . . .

THOMAS E. LYONS  
Colon Free Zone

Washington, D. C.

### Seen and Liked

Dear Sir:

Yesterday I read some of the articles in your very interesting reports on the growth of South America. I have always been fascinated by the stories of unusual countries and their progress. (I had heard) about Caracas and how beautiful it is and then I saw the pictures . . . in your magazine and read about it . . . In short, I would like to learn more about this land, through your magazine . . . Please send us LATIN AMERICAN REPORT for the period of one year. . . .

ERLENE GREENE  
Roy Greene Company, Inc.  
Bradenton, Fla.

STATEMENT REQUIRED BY THE ACT OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946 (Title 39, United States Code, Section 233) SHOWING THE OWNERSHIP, MANAGEMENT, AND CIRCULATION OF LATIN AMERICAN REPORT published monthly at New Orleans, Louisiana for October 1, 1957.

1. The names and addresses of the publisher, associate editor and business manager are: Publisher William G. Gaudet, 406 Beach Blvd., Waveland, Mississippi; Editor, William G. Gaudet, 406 Beach Blvd., Waveland, Mississippi; Business Manager, Sidney M. Toca, 1331 Mendez Street, New Orleans, Louisiana.

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WILLIAM G. GAUDET  
(Signature of publisher)

Sworn to and subscribed before me this 1st day of October, 1957.

(SEAL)

DOUGLAS MAGINNIS  
(My commission expires at death)

Latin American Report,

# People

## IN THE NEWS

**Successful Satchmo:** Off on an unofficial goodwill tour of South America: jazz trumpet king, Louis "Satchmo" Armstrong. Fact that the Satch doesn't speak a word of Spanish didn't keep Latin jazz fans from understanding his trumpet talk. Leaving the theater where he played in Buenos Aires, Satchmo had to be spirited away by police after screaming admirers defied firehoses to mob him and his band. After equally rousing receptions at Caracas, Rio, São Paulo, Montevideo and Santiago, Armstrong was considering stopping off in Central America on his way home.

**Newsman Charges:** Pedro Joaquín Chamorro, exiled former editor of *La Prensa* of Managua, Nicaragua, appearing before the Freedom of the Press Committee of the Inter American Press Association in Washington, accused the regime of Nicaraguan President Luis Somoza of stifling press freedom. Chamorro escaped last April from a Nicaraguan prison where he was held for alleged complicity in the 1956 assassination of President Anastasio Somoza. The prominent newspaperman said that the Somoza regime is actually a dictatorship, charged that political prisoners have been subjected to torture and brain washing to wring out confessions of political crimes. Chamorro's charges brought heated denials from Ambassador Alejandro Abaunza Marengo, Nicaraguan delegate to the United Nations General Assembly.

**On Trial:** Finally going to trial this month in Panama, on charges of complicity in the assassination of President José Antonio Remón two years ago, is the alleged trigger man Rubén O. Miró, socialite playboy, sportsman and attorney. Admitting at first that he did the shooting, Miró now denies it, says that he will name six or seven others responsible. There has been gossip that Miró was paid to take full blame, a decision that he perhaps later regretted. The trial is looked on locally as important, not so much for what happens to Miró, as for what political scandal it may

bring to light. Some sources predict the trial will determine which of several factions within the National Patriotic Coalition will have the strongest control over the party now in power in Panama.

**Attractive Addition:** A petite young blonde has joined the delegation from Costa Rica to the United Nations General Assembly. She is Señora Karen de Figueres, 27, wife of Costa Rica's President José Figueres. Assigned to the Social, Humanitarian and Cultural Committee, Señora Figueres is well qualified for her role. She is a graduate of the University of Virginia, the New York School of Social Welfare, the University of Copenhagen and Columbia University. It was while writing her thesis on social reforms in Costa Rica, for a doctor's degree in sociology, that the young scholar met and married President Figueres. Born in New York of Danish parents, Señora Figueres speaks fluently in three languages; is one of the youngest delegates to the United Nations. Coincidentally, Señora Figueres' predecessor on the U. N. com-

mittee was the Costa Rican President's first wife, also U. S. born.

**Presidential Timbers:** The man who at this time appears most likely to get the nod as presidential candidate for Mexico's official Party of Revolutionary Institutions (PRI) is the present Labor Minister, 47-year-old Adolfo López Mateos. PRI spokesmen claim that López' backing is so overwhelming that there is little possibility of anyone else being picked to run. Final decision will be in the hands of the PRI national convention November 15, but by tradition the incumbent President (Adolfo Ruiz Cortines) is permitted to choose his successor. Since PRI's formation in 1938, it has never lost an election. Handsome López Mateos has been Minister of Labor and Social Welfare since his appointment in 1952, after he had helped Ruiz Cortines in that year's campaign. He has since remained on intimate terms with President Ruiz and with past PRI presidents Cárdenas and Alemán.



Karen de Figueres  
Young face in the U. N.



# Curaçao

## THE PAINTED ISLE

Washed by the blue-green waters of the Caribbean, just off the coast of Venezuela, lies a little bit of Holland in the American world. It is the island of Curaçao. Here man and nature have worked together to create a painted paradox. Although deep in the tropics (12° N.) and only 38 miles off the rainy, forested shores of Venezuela, Curaçao is so dry that its people have to distill drinking water from the sea, and even during the brief rainy season that begins in November there is hardly a day without sunshine. Skies are bright blue and clear most of the year—like those of southwestern United States. Although rain forests shade the nearby shores of the mainland, on Curaçao trees are few and small; desert cacti are a more customary part of the arid landscape.

The paradox of Curaçao does not end, but merely begins, with the island's sunny climate. Where nature leaves off, the hand of man takes a part in the scheme of things.

Set in the heart of a Spanish-speaking world of olive skinned peoples, Spanish nevertheless is relatively little spoken; though 40 or 50 nationalities are represented by the island's inhabitants, the light-skinned, blond-haired Dutch still

are strikingly in evidence.

Travelers to this part of the world will have become accustomed to Spanish influence in architecture, or the plate-glass modernity of neighboring Caracas. A startling departure from this pattern emerges in Curaçao. Dominating Willemstad, the capital and outlying suburbs, are quaint Dutch colonial buildings and the same antiseptic cleanliness and neatness that have long been the trademark of Holland and the Dutch people.

Curaçao might well be termed "The Painted Land". Color—in myriad brilliant hues—intoxicates the eye that drinks in the rich Curaçalean scene. As though nature had not done enough by providing a setting against the blue-green Caribbean, capped by a sky of the deepest azure, man took brush in hand and deftly added the finishing touches. There is not a home in the residential suburbs of Scharloo or Pietermaai—not a business house in Punda—that has not been touched by the magic brush. Golden yellows alternate with pastel blues, with coral pinks and jade greens, and topping-off each colorful structure is the steep, narrow-gabled, red tiled roof of Colonial Dutch design.

The over-all effect is a landscape of

such brightness as would have caused the "Mad Dutchman" to pause with brush poised in mid-air and to exclaim with pure joy. Certainly Curaçao, and more especially the colonial streets of Willemstad, is worthy of no less than a Van Gogh canvass. Curazaleños, as their Latin neighbors call them, take great pride in the brightly painted façade of their capital. When in 1956, their beloved Queen Juliana of the Netherlands paid a visit to Curaçao, it was decided in preparation for the great event that every building on the island should receive a fresh coat of paint, and not even the most inconsequential shack failed to feel the stroke of the brush.

### LINGUISTIC POTPOURRI.

As though not to be outshone by their painted creations along the streets of Willemstad, the people themselves dress in brilliant shades of green and crimson and yellow, and more especially Dutch blue. Cosmopolitan Willemstad is made up of people of every origin. The official language is Dutch and one hears it spoken in government circles, in society and in many of the shops. English and Spanish also are spoken fluently in society, in the clubs and in office and shops. The native population speaks a peculiarly impossible dialect known as



East across St. Anna Bay, the oldest section of Willemstad—Punda

Papiamentu, derived from a combination of Spanish and Portuguese, with a *souçon* of Dutch and English thrown in.

Curaçao's measurements are modest—only 173 square miles . . . 38 miles long and seven across at the widest point. It is one of six islands that comprise the Netherlands West Indies, otherwise known as the Dutch Antilles. Neighboring Aruba and Bonaire, and three lesser isles, St. Maarten, Saba, and St. Eustatius in the northeast corner of the Caribbean round out the sextet. Curaçao, the largest, leads the others in commercial importance. A population of 116,000 live long and happy lives in its healthful, sunny climate. Most of them are concentrated in the vicinity of Willemstad.

The colorful little island lies in perpetual sunshine well outside the hurricane belt, and prevailing northeasterly trade winds cool its shores. The average temperature from December through March is just under 80 degrees but the ever-present trade winds make it seem much cooler than it actually is. Temperatures during the rest of the year are only slightly higher—in fact, variations between day and night temperatures are greater than seasonal variations.

The northern coastal expanse is cliff-lined and almost unbroken, and continuously buffeted by wind-driven surf. In contrast, the south shore is calm and pierced by tongues of the sea pushing inland to form a series of good bays and the magnificent deep-water harbor of Schottegat at the island capital. A network of fine roads criss-crosses the island, carrying heavy traffic of American and European cars. A few minutes drive across the island from Willemstad is modern Dr. Albert Plesman airport, aerial crossway of the southern Caribbean, with direct flights to Amsterdam, Miami, New York and the other Americas.

**SHIPPING MECCA.** Willemstad is one of the busiest ports in the Caribbean and one of the largest warehousing areas. More than 6,000 ocean-going ships, representing upward of 46 million tons, call at Willemstad and the other three ports of the island each year. Fine deep-water harbor facilities at Schottegat have been the principal factor in locating widespread industrial activities around its shores. The shores of Schottegat hum with industry ranging from shipbuilding to oil refining. Both here and at St. Anna Bay, the channel that runs through Willemstad to Schottegat, are ample fueling facilities and well equipped berths for both passenger vessels and freighters. Many cruise ships stop at Curaçao, the larger ones docking at Caracas Bay, only 15 minutes from Willemstad by motor car.

For all practical purposes, Willemstad is Curaçao, and Curaçao is Willemstad. In the colorful capital city lies



*All the goods of the world may be had on narrow Heerenstraat*

the seat of the island's culture, the focal point of island society, the spirit of Curaçao—here live most of the island's people. The traveler who gets the truest impression of Willemstad at first sight is the traveler who comes to Curaçao by sea. He literally sails through the heart of the city if his ship docks in St. Anna Bay or goes through to Schottegat basin.

What does the seafaring traveler see and feel as he stands at the rail of a sleek passenger vessel, with the trade winds blowing cool across the bow, as it noses into Willemstad?

Close in on either side of the channel entrance he sees the high, weathered walls of twin fortresses that in ancient times guarded the bay. The fortress on the right hand, or east side, of the channel has gotten a change of face with the new luxury hotel "El Curaçao" built into the fortress above and behind the serrated walls. Directly ahead of the ship, a pontoon bridge, known as "Queen Emma", bars the channel. Then in response to a deep-throated blast of the ship's whistle, the startled traveler at the deck rail sees the pontoon bridge swing slowly and fold against the side of the quay for the vessel to pass.

Now the ship is in the channel. On the quay that lines either side of the

channel stand neat rows of narrow-gabled Dutch buildings painted in brilliant primary colors or delicate pastels. The passenger is of the feeling that he suddenly has been transplanted from the Western Hemisphere into some part of Old World Holland. On his right hand is the ancient business section known as Punda, with its narrow, Old World streets. A smaller canal that branches off at right angles to the channel separates Punda from the early residential section called Pietermaai. In these two cities within a city are to be found the finest and oldest examples of early Dutch colonial architecture. On the traveler's left hand lies Otrabanda, which means "the other bank." Otrabanda is a mixed business and residential section and is not without attractions of its own. Directly ahead of the ship as it plows through the channel, stands Signal Hill with its light that tells the ship's pilot whether the channel is free of traffic outbound from Schottegat basin.

**GAMBLING FOR SOME.** The passenger vessel will quite likely come to berth somewhere along the quay of St. Anna's Bay, and the passenger, if he is stopping over for a rewarding stay on Curaçao, will take an American-made



*Built inside ancient Waterfort, a new luxury hotel—El Curaçao*



*Basic industry of Curaçao—Royal Dutch Shell's refinery*

*An old native industry—straw hat manufacture*



taxi to one of the city's several good hotels, where he may have a room at reasonable rates by American standards. At El Curaçao, the island's first luxury hotel, services are offered on a par with the best in the Caribbean. There is gambling for the tourists in its casino but natives are not permitted to gamble.

The visitor's first evening on Curaçao can be a pleasant one. As he saunters from his hotel into the clean-swept streets and the fresh sea air, his thoughts will likely turn to food. Polite inquiry of the first passer-by will bring in friendly reply a long list of fine restaurants serving variously the cuisine of most countries of the world. The Afro Restaurant on Molenplein Street serves foods of international flavor and specializes in Chinese dishes. The dining room of the Americano Hotel on Brionplein is famed for its lobster dishes, or the visitor may dine on finest French cuisine under the coconut palms at the Avela Hotel on Penstraat. For the best in Dutch dinners, he may take his choice of the Bellevue Hotel dining room or take a taxi to the country estate supper club known as Chobolobo. Koreman's Old Dutch Tavern on Columbusstraat offers mouth-watering Dutch beefsteaks served in attractive old Dutch setting, and the Washington Tavern on Prinsensstraat offers fine food in Dutch atmosphere. San Marco on Passaatstraat in the heart of the business district will satisfy his appetite for Italian cuisine. Whatever the visitor's choice, he will find restaurants spotlessly clean and the service at its friendly best. A complete dinner will run him about \$2.

After dinner there is adequate night life. There are several movie theaters, and cocktails and dancing may be found at clubs such as Chobolobo. Or perhaps the newcomer would find it more delightful just to stroll through the quaint Old World streets of Punda, or along the quay with a full Caribbean moon overhead. But in any event it will be early to bed because the morrow will no doubt be a busy day of sight-seeing and shopping in the free port markets.

After breakfasting at his hotel, our traveler will come forth into a world of brightness—bright colors flashing in brilliant sunlight, bright, cheerful people laughing and gayly chatting in the streets. It is said of Curaçao that happiness is a universal trait among the island's people, and the visitor soon will be inclined to agree. In fact he will probably find the Curazaleños' happiness infectious. If the brightness of the land and the magnificent climate were not enough to breed a happy people, then the visitor, as he chats with the man in the street, soon will discover many other incentives. The Curazaleños' standard of living is relatively high. Even the most modest laborer earns the equivalent in florin of about \$5.50 per day (the rate of exchange is 1.865 flo-



rins per U. S. dollar, official, and 2 florin to the dollar, unofficial), and the government supplements the wage-earner's regular pay with liberal welfare benefits. Unemployment is an unknown word in Curaçao, and it is proudly said that there is not a beggar in all Willemstad.

**SHINE YOUR OWN.** Even menial labor is held to a minimum. The visitor will not see a bootblack on the sidewalks of Willemstad; in Curaçao everyone shines his own shoes. The same is pretty well true up and down the gamut of menial tasks. Servants are hard to come by and most have to be imported. But Curazaleños do not generally look on this as a hardship, and all these things add up to a happy people. The traveler will not be long in coming to this conclusion as he strolls through the streets of Willemstad.

Perhaps later he will take a conducted tour. Several tours are available at moderate price. Or perhaps he will rent a car (at \$8 a day) for his own tour of the island. Nevertheless, in short order he will note that in Willemstad there are no slums as such. He will drive through the narrow streets of the old part of the city and soon find himself cruising through well-groomed garden suburbs. He may then take a wide, smooth asphalt highway that skirts the landlocked inner basin of Schottegat, and he will be favorably impressed with the industrial areas, particularly Royal Dutch Shell's refinery, on the back bay.

Here is one of the world's biggest refineries. It was established in 1916, and after discovery of the vast Venezuelan fields, it brought about an important economic uplift for the island. Oil to feed its cracking towers comes by ocean-going tankers from producing areas, and refined products go out by the same bottoms to consumers all over the world. So important did the Germans rate these refineries in World War II that they were the first targets for shelling from submarines in the Western Hemisphere.

Beyond Schottegat, the traveler will find himself cruising through open countryside over gently undulating terrain, occasionally rising into hills. He will note considerable quantities of calcium phosphate being mined at one place, and he will see that there is very little agriculture due to low rainfall. He will however, see limited fruit growing and some Chinese truck gardens, and he will drive through groves of dividivi trees (important for their curled bean used for tanning purposes). At times he might think himself somewhere in the southwestern United States because of the cacti and other desert-like shrubs.

**FISHING UNLIMITED.** Eventually the touring visitor will probably end up at Piscadera Bay Club, or one of several other sheltered water beaches, for a swim. But he has heard that it is not



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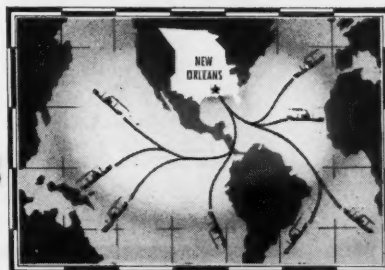
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*Revival of folkloristic dances and music, once almost extinct*

wise to swim in the unsheltered water off Curaçao, no matter how attractive the beach might look, because of sharks and baracuda. If he is an avid skin diver and skilled in the art of spearfishing, it is a different story. Then the whole of the coral-lined coast will be his for the exploring. Spear fishing has become one of the most popular sports on Curaçao. Abundant marine life makes it a paradise for the underwater fisherman. Na-

tives have learned that the baracuda need not be feared in open water and will only attack a swimmer if cornered in the underwater coral and limestone grottoes. The shark only attacks the surface swimmer, so with spear, the sport is not too dangerous.

The less active fisherman will find the sea teeming with big game—sailfish, dolphin, wahoo, tuna and bonito—only a half mile off East Point or West



*Down a steep road of quaint homes—*

Point of the island. Sportfishing is good in the southshore bays and night fishing is great sport. Motor and sail boating is to be had for the asking at Spanish Water Bay.

But wherever he drives, the visitor finds that all roads lead back to Willemstad, and there is much left undone in that quaint city. He will want to see the Curaçao Museum, itself a classic example of early Dutch architecture; F. D.

# Ecuador



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of quaint homes—a Roman Catholic church



To the Floating Market schooners come laden with fruit from the mainland

Roosevelt House, presented to the United States in 1950 by the people of Curaçao, and now the home of the United States Consul General to the Netherlands West Indies; fine churches of all denominations (90 percent of Curazaleños are Catholic but most Protestant denominations are represented on the island.) And invariably the traveler will end up in the market places and the fine shops of Punda.

Curaçao is renowned throughout the Hemisphere as a shopping place. It is almost a "free port" (Except for tobacco and alcoholic beverages, all goods come in under the low duty of 3.3 percent). Within 10 minutes walk of his hotel, through the narrow streets of Punda (many are no more than 15 feet across), the visiting shopper may find nearly any product of the world at prices comparable to, and even lower

than where they are manufactured. In the vari-colored shops along Heerenstraat and Bredestraat, such treasures as French perfumes, swiss watches, German cameras, English china, Danish porcelain, Brazilian and Argentine leather goods, Spanish shawls and Dutch tile can be discovered. Nor are native products to be overlooked. Curaçao Liqueur, which put the island on the map in the 19th Century, is a prized

ship via

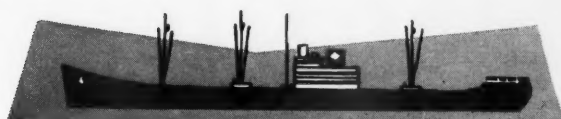


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*Inside Fort Amsterdam, from archway  
of Governor's residence*

take-home purchase not to be passed up.

**SERVICE AND SMILES.** Regardless of what the visitor may purchase in Punda, one of the most prized possessions that he may take away with him is his memories of the people he met on Curaçao and the friends he made there. Many of these acquaintances will be made, and many of the impressions gotten right in the shops of Punda. From merchants and shopkeepers the visitor will get his truest impression of the character of Curazaleños. They have been quick to recognize their geographic handicap and have made every effort to overcome it. There is a city ordinance in Willemstad that prohibits shops from opening on Sunday. But if a ship is coming in and the passengers request it, shopkeepers will open up on the Sabbath, nevertheless. It is part of their character to make themselves available to the other man. It is characteristic of merchants that if they do not have a product which a customer wants, they will go out and get it. There is not a shopkeeper in Punda worth his salt who does not serve refreshments (anything from soft drinks to hard liquor) to the shopper who drops in, without thought as to whether the shopper intends to buy anything. Competition among themselves is intense. Service to the customer is not rendered by mere lip service, but here becomes a reality. It is characteristic of the Curazaleño that he is methodical in everything he does. And he has found that it pays off. The fact that it pays off is evidenced by the respect with which neighboring Venezuela

holds the traders of Curaçao. Venezuela's tariff is higher on goods imported from Curaçao than it is on the same products imported from the country that produces them.

Curaçao is an island of hardy traders. The trading tradition began in colonial times when the island was an entrepot and a center of the slave trade in the Caribbean, and Curazaleños just never stopped trading. This is evident today in the shops of Punda, well filled with the products of the world. Curazaleños have had to trade to live. Almost barren of food, and even of drinking water, the bare necessities of life have to be imported. Fruit boats come daily from Maracaibo loaded with produce and tie up at the picturesque floating market, where housewives buy direct from the schooners. Grocery stores are well

stocked with cheeses from Holland, steaks from Argentina. Neat, polite colored girls who speak several languages—descendants from the slave trading era—wait on customers. Foods of all kinds come high and the housewife may pay \$1.50 a pound for chicken or steak.

But high cost food is a minor annoyance for Curazaleños, and well worth putting up with for the privilege of living on such an island paradise. Our traveler who has spent a pleasant week or two on Curaçao will agree. But the day will come, all too soon, when his ship will blast the familiar signal and Queen Emma will part and swing aside, clearing the exit to the Caribbean. Our traveler, much against his will, will be aboard, standing at the deck rail looking back. He will hate to go; but he will come again to Curaçao.



*Protected swimming at Piscadera Bay Club, Curaçao's foremost beach resort*



*Spear fishing, popular sport in bountiful waters off Curaçao*

MAN ON A

# Mountaintop

*Venezuelan scientist marshals forces of research and training to push ahead the boundaries of scientific knowledge*



*Venezuelan Institute of Neurology & Brain Research—\$50-million dream coming true*

In this atomic age when scientific achievement is piling up discovery on top of discovery at a rate that staggers the imagination, scientific research becomes a basic prerequisite for any industrially developing nation. Unfortunately, basic scientific research is usually a costly process—too costly to be seriously undertaken by most underdeveloped nations. As a result much of the world's latent scientific talent goes undeveloped and unused for lack of training and absence of facilities to work with. In oil and iron-rich Venezuela a different sort of story is being written in this important field.

Venezuela's many-pronged expeditions into unknown regions of science are being launched from a scarred mountaintop high above and 10 miles south of the booming capital city of Caracas. Three years ago this mountaintop was a jungle wilderness in the swirling clouds. Today its flattened and subdued terrain hums with construction of new buildings to house the Venezue-

lan Institute for Neurology and Brain Research (IVNIC). In the buildings already constructed, research projects even now are probing the scientific unknown with noteworthy success.

Besides neurological and brain research, as its name indicates, IVNIC soon will be actively studying many of the basic scientific problems that face the world. Among them: peaceful uses of atomic energy. IVNIC is the brain child of its present director, brilliant, young (33) Dr. Humberto Fernández-Morán, a Venezuelan physicist and medical scientist.

Dr. Fernández-Morán is a graduate in medicine from the University of Munich and holds a Ph.D. in physics from the University of Stockholm. He was also a fellow in neurology at George Washington University in Washington, D.C., assistant in neurosurgery at the Serafimerlas Clinic in Stockholm, research fellow at the Institute for Cell Research at the Karolinska Institute in Stockholm, and now holds the chair of biophysics at the

Central University in Caracas.

Slight of build, energetic and highly voluble, the young scientist speaks fluently in Spanish, English, German, French and Swedish. He may be seen almost any Saturday proudly showing streams of visitors, mostly scientists, through the gleaming IVNIC buildings that shelter gigantic electron microscopes, X-ray machines, ultra-centrifuges, and a bewildering assortment of other equipment imported from the United States, Germany, Great Britain and other industrial nations of the world.

**BY THE KILOMETER.** Dr. Fernández-Morán first thought of IVNIC in 1944, but it was not until 10 years later that the government of Venezuela gave the go-ahead for the project. The purpose of IVNIC, as outlined by its director, is to bring the study of the tropics to the tropics. Here, where an almost infinite variety of plant and animal life offers vast opportunities for research, Dr. Fernández-Morán believes that IV-

NIC can provide on-the-spot investigations, thus eliminating the problem of transporting preserved life forms from the tropics to research institutes thousands of miles away. Toward this end, some \$5 million already have gone into IVNIC, and this represents only about one-tenth of the contemplated outlay.

Already built are a library and administration building, a central laboratory housing 70 research labs, and numerous residences and dormitories for staff and students, plus power plants and maintenance buildings.

"I had to tell the President (Marcos Pérez Jiménez) that we've hardly spent as much already as the cost of a single kilometer of the expressway from Caracas to the coast," Dr. Fernández-Morán recalls. "Now, when I go to him for more money, he always asks, 'How many kilometers do you want today?'"

Although barely off the ground, the Institute already has begun to add its contributions to science. What has IVNIC done to date? Among its projects has been a survey of poliomyelitis in Caracas and Galveston, Texas, to test response to the Salk vaccine. The study resulted in important new information on the reaction of antibodies in the blood to the variant types of polio virus found in children under five years old in tropical areas.

**FINE SLICER.** The diamond knife, perhaps the most famous product of IVNIC research, has made it possible to slice organisms and hard materials such as uranium as thin as one fifty-millionth of an inch. Industrial diamonds, embedded in special alloys, are twice ground by special diamond powders that have been made intensively fine by ultracentrifuging operations. By examining minutely such thin sections, scientists at IVNIC have been able to study fossilized insects to determine evolutionary changes that have come about in the millions of years since fossilization took place. The fossils were found to be almost identical with their present-day descendants.

Fine cuttings of nerve structures, human and animal, permit IVNIC scientists to examine their content and function through electron microscopes. Similarly, the fine crystalline structure of rocks and minerals can be studied in a detail never possible before.

To enable scientists in other parts of the world to achieve such fine cuttings themselves, IVNIC has sent diamond knives, packed in special plastic containers, to numerous research institutes in the United States and Europe. Its importance to industry lies in the possibility of machining metals to sub-microscopic tolerances, producing at the same time highly polished surfaces.

Dr. Fernández-Morán hopes, through the study of ultrassections of brain tissues and nerves, to determine if there are actual relationships between electrical

properties of living matters and those of crystals and minerals. He thinks that the analogy of the human brain and giant computers may perhaps have an electrical basis that research will eventually discover.

IVNIC has already published studies on ultrastructural organization of germanium and uranium, insect retinas, general biological tissues and metals, bone, and other substances. But these new researches, made possible by the diamond knife, are by no means all of the work IVNIC has done in its brief existence.

**VIRUSES & OIL.** A virus that attacks a caterpillar that is itself the greatest insect pest to Venezuelan plant life has been isolated by Dr. W.G. Bergold of the University of Toronto. It is hoped that further study of this and similar viruses will enable IVNIC to pioneer in eliminating insect pests through the use of viruses, which would be potentially far more effective than even the best insecticides. Presently existing viruses, for example, could be mutated by atomic radiation to produce strains desired. Dr. Fernández-Morán believes that the tropics have a great number of viruses, many of potential use to man, but he thinks they must be studied in the tropics themselves.

Viruses are regional, he points out; the Asian influenza virus, for example,

is a different mutation in different parts of the world, even if the end effect on man is much the same—and a "cosmopolitan" vaccine, in place of a locally adapted one, may prove ineffective in a given country.

Because Venezuelan oil is heavy and viscous, a factor that reduces the yield from the oilfields, Dr. Fernández-Morán believes that this oil may contain suspensions of tiny fossils and even living bacteria of types unknown. With IVNIC facilities, such as ultracentrifuging, electron microscopy, electrophoresis, and nuclear magnetic resonance techniques, he thinks a way might be found to reduce the viscosity and therefore vastly increase the oil production of Venezuela, whose proven reserves are in excess of 13 billion barrels. This might be done by "seeding" the oil basins with bacteria which might themselves be suitably mutated by radiation techniques. Moreover, oil contains precious metals such as vanadium (now a nuisance), which might be extracted by an extension of these researches.

Along with oil, Venezuela has enormous deposits of natural gas, which Dr. Fernández-Morán believes has vast potential as a source of normal and heavy hydrogen, and even possibly tritium, the primary ingredients of the fusion process. IVNIC would research means of isolating liquefied gases and suitable



*For fine slices, a diamond knife, the invention of Dr. Fernández-Morán*



ways of transporting them to different parts of the world. One daring possibility foresees shipping the gas in foam plastic containers resembling giant barges that could be "half or fully submerged and towed even by submarines."

Training, Dr. Fernández-Morán believes, is Venezuela's number one problem. He asserts that Venezuela could never achieve a core of trained scientists without the aid of United States and European savants, some of whom are already working at IVNIC on a dozen different projects. Among them are Dr. Theodore MacNichols of Johns Hopkins University, who is head of the biophysics department; Sven Svenson, of the University of Chicago, chief of the reactor project, and Dr. Gunnar Svættichin, of the Karolinska Institute in Stockholm. Added to these are a stream of visiting lecturers and teachers, among whom has been Nobel prize winner Dr. Harold Urey of the University of California.

Besides this constant procession of scientific luminaries from abroad and a growing stable of domestically selected and trained talent, Venezuela also boasts a profusion of native fauna and flora outlandish enough to make a researcher's eyes light up with expectant joy.

There's a grasshopper eight inches long (for study of animal nerve tissue); a fish with four eyes—a set each for above and below surface viewing (for studies in the mechanics of vision), and an electric eel that can generate 1000 watts a day (for studies in bioelectricity). This galaxy of plant, insect and microscopic life that exists only in the tropics may hold the key, Dr. Fernández-Morán believes, to many of the secrets of life that still perplex man.

**CULLING TALENT.** The 220 personnel currently at IVNIC come from a score of different countries. At present 60 top-flight students from Venezuela are studying under their auspices. These in turn will teach what they learn to an increasing number of Venezuelan students expected to qualify as their talents and aptitudes are discovered.

Venezuela has a lot of money, Dr. Fernández-Morán emphasizes. Oil and iron and resulting new industries, make this country one of the richest per capita on earth. Research is expensive, but Venezuela can afford it now and for the foreseeable future. So much immersed in his work that he can rarely be induced to venture from the IVNIC mountaintop except for official functions, Dr. Fernández-Morán readily concedes that the continuance and growth of IVNIC depend on a flow of funds from government and private citizens and groups. He declares it a pity that other Latin American countries, possessing unknown and untapped intellectual reserves, have not the financial means to



*Talented young scientist at work: Dr. Humberto Fernández-Morán*

embark on similar projects.

The Venezuelan scientist is also eloquent about the future.

"IVNIC's most significant role from a general point of view," he explains, "is its potential value in tapping the great pool of intellectual wealth still dormant in South America. At a time when all of the material and intellectual resources of the Americas should be mobilized to cope with world problems, IVNIC's aims take on particular meaning. If successful, the Institute would indicate one of the most valuable avenues of approach to stimulate and develop the potential of technical and scientific manpower on this continent."

When Dr. Fernández-Morán takes one of his Saturday visitors up a winding road behind the Institute's main laboratory building to show him a vast hole in the ground, he again is looking into the future—a dream-sized future. This is the site for the 15-building expansion of IVNIC's physical facilities. One structure will house the nuclear reactor now being built for the Institute by the General Electric Company. Its installation will put into operation the agreement whereby the U. S. Atomic Energy Commission is to provide fissionable materials and equipment for research at IVNIC.

Other structures in the new project, designed by Swedish architect, Hakon Ahlbert, will be given over to a 200-bed

neurological research hospital, neurovirus research, biochemistry and neuropharmacology, biomathematics and biostatistics, biophysics, electroencephalography, experimental psychology, embryology and genetics, classrooms, residential units and workshops. The avowed goal of the Venezuelan government is to create an international research center open to scientists of all the world.

Away from the planning for tomorrow and the responsibilities of today, Dr. Fernández-Morán unlimbers—intellectually and physically—in the company of his wife, Ana, and their two daughters. He and Ana met in her native Sweden when he was a student there. To her he speaks Swedish; to his three-year-old daughter Veronica, Spanish, and to their newly acquired collie pup whatever language comes to mind. His linguistic facility reveals the alert mind which takes an interest in the myriad marvels of our modern world. Not long ago he abruptly got up from the dinner table in the middle of his dessert. An "excuse me a moment" drifted back as he sailed into the living room. The unmistakable sounds of an animated cartoon on the television set had caught his ear. The brilliant scientist shook his head in amazement. "Just think of the thousands of drawings that go into a single one of these cartoons," he mused. "Marvelous!"

# THE HARVARD PARLEY

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*Boston's Harvard—host to Conference on Latin American Development and United States Industry*

The growing interest of North American businessmen in Latin American industry and in the establishment of increased trade relations between the two areas was highlighted recently at an inter-American businessmen's conference held in Boston—following only a few days on the heels of the official Inter-American Economic Conference in Buenos Aires.

Both meetings dealt with similar issues. Both reached similar conclusions. And both laid heavy emphasis on the role of private enterprise in the economic development of Latin American nations.

Yet in many ways, the Boston conference—less publicized and strictly unofficial—got down to the realities of inter-American economic cooperation in a more concrete and purposeful fashion than did the Buenos Aires meeting.

Here's what happened in Boston. Some 300 North and South American businessmen, industrialists and government officials met at the Harvard Graduate School of Business Administration for a three-day discussion of business and industry and their development in the lands below the border, and the role of the United States in providing

the capital and the technical know-how for this development.

The conference, jointly sponsored by Harvard and the Boston Globe, included several featured speakers and a series of panel discussions on problems faced by representative countries in Latin America. There was a good deal of give and take in these basically informal sessions. Although English was the spoken language, many groups of delegates huddled together for long discussions in Spanish.

**BILLION \$ PROMISE.** Threaded through every session of the conference was the realization that over the years, North American businessmen and industrialists have been attracted to South America as an area of great promise. But this promise has been clouded somewhat by a multitude of problems extremely difficult to overcome. However, North American interest has continued to grow, and today United States business is more deeply entrenched in Latin American industrial development than ever before. More United States capital is poured into Latin American ventures than into operations in any other region of the globe. U. S. investment in Latin America stood at over \$7 billion in

1956, to which has been added another \$800 million in the past year.

Latin Americans, for their part, made it clear at the sessions that they are disturbed by the lack of enthusiasm for and encouragement of these private enterprise schemes by the United States government. In short, most of the delegates from Latin America complained about the United States government and not about the exploits and interests of American businessmen.

Keynoting these problems and laying the ground work for the discussions which followed in the panel sessions, were the opening talks.

Dr. Galo Plaza, former president of Ecuador, and one of the hemisphere's most solid democrats, warned that the United States should not continue to place its overwhelming emphasis on other parts of the globe. Here he was speaking of "official United States government emphasis." This view, together with comments on what would result if the United States continued in this direction, echoed throughout all the panel sessions and in corridor discussions.

Latin Americans do not accept the thesis, Dr. Plaza continued, that the "Western World concept can replace

Latin America" as the key to United States foreign policy. He added:

"We hope that the people of the United States realize that continued economic development of the Western Hemisphere is vital to the winning of the cold war, that no matter how strong our bastions are along the Iron Curtain, they will not provide sufficient protection from the dangers we are guarding against if the great masses in Latin America continue to live in poverty and disease."

There were many United States businessmen and industrialists who strongly agreed with this warning from one of Latin America's most able spokesmen.

**CONFLICTING VIEWS.** J. Peter Grace, president of W. R. Grace & Company, took the administration in Washington to task for such acts as its recent proposal to Congress for a sliding scale of excise taxes on imports of lead and zinc. For Peter Grace, this action came as both a "shock and a disappointment."

The official United States government view was expressed by Roy R. Rubottom Jr., Assistant Secretary of State for Inter-American Affairs, who staunchly defended the United States role in the recent Buenos Aires economic conference.

"Competitive free enterprise," he told the delegates in a concluding session, "will do far more than any government can in response to Latin American appeals for more direct and substantial aid from the United States. . . . It (the U.S.) is not looking for special favors. When fair treatment can be assured, private capital will be assured."

But his remarks did little to settle the oft-voiced Latin American complaints about apparent official United States lack of interest in lands below the border. "I feel cold every time an American diplomat speaks and this doesn't help the warmth expressed by your businessmen," one Latin American delegate remarked privately.

Much of the good work done at the

meeting will be borne out in actual practice as hemisphere businessmen attending the sessions return to their offices and put into operation some of the ideas hammered out in the panel talks. As the practical idealism of the keynoting speakers, Galo Plaza and J. Peter Grace, is put to work—as new-won friendships and understanding are made operative—then the true estimate of this conference can be made.

But the Harvard sessions did produce some solid results which can be easily studied.

First of all, the conference brought together those in the market with something to sell and something to buy. It illuminated problems of currency convertibility, sharpened focus on investment opportunities, and pinpointed taxation problems facing businessmen whose operations extend over borders into two or more nations. It also helped establish the extent of demand and supply of various goods over the next 5 to 10 years.

**MEETING GROUND.** More than this, the sessions provided a forum in which matters of government policy—which affect trade and investment in a multitude of ways—could be aired and argued. Above all, and perhaps here is the real and lasting value of such a conference, it gave Latin Americans and North Americans a unique chance to get to know one another. This point cannot be overemphasized.

Delegate after delegate to the three-day conference reiterated this single theme: "There ought to be more conferences like this one."

One delegate—a Colombian—commented: "I never learned as much out of a gathering of businessmen as I did here. . . . You know, I think I understand my own country's problems better after hearing Americans discuss them. I've got a solid confidence that you North Americans know these problems, as well as your own."

Never before have so many Latin

Americans invaded the Boston area for a single meeting. And the experience proved successful from the standpoint of Bostonians eager to expand their city's trade with Latin American nations. Boston businessmen had a unique opportunity to get close-up views of their counterparts from South America. They liked what they saw and heard.

Taken from the overall view of world trade, Boston's interest in Latin America is negligible. There have been, of course, some real close contacts over the years. Boston's First National Bank, for instance, operates 15 branch offices in Argentina, Brazil, and Cuba and is known as "Banco de Boston." Other Boston-based research, engineering and manufacturing firms supply services and goods to Latin America, but these New England contributions to total United States trade with Latin America are small.

The recent Harvard sessions may very well help change this story, and could well set an example for other United States cities now removed from the profitable stream of inter-American commerce.

Although the conference scanned only the economies, business structures, and industrialization of five Latin American nations, much that was said about these five countries could be applied to any of the 20 nations below the border. Conferees from all 20 nations, as well as the United States, attended the sessions and had much to contribute individually, either from a platform at one of the sessions, in a panel discussion, or by meeting in small groups with their fellow conferees.

The five countries brought under close discussion by the panel groups were Colombia, Argentina, Venezuela, Brazil and Mexico. Composed of nationals of the respective countries and North Americans with first-hand knowledge of the areas, the panels returned some candid and pointed observations about



J. Peter Grace  
*Shocked and disappointed*



Roy R. Rubottom, Jr.  
*Fair treatment = foreign investment*



Galo Plaza  
*Endangered bastions*





*Argentine panel: clearing skies for private oil companies\**

their subjects. Some of the highlights:

## COLOMBIA

C. Boice Nourse, vice-president of the First National City Bank of New York, said the discussions on Colombia showed that the people of that Andean nation are "just as sold on free enterprise as we are." Development of its industry and commerce, he noted, will depend to a substantial extent on the rapidity with which the country can expand its network of communication facilities.

Individual members of the Colombian panel ranged over a wide area of Colombian topics. Carlos Echavarría, president of Compañía Colombiana de Tejidos, S.A., South America's largest textile firm, dealt with the population increase and its effects on Colombia's future.

Tremendous population growth "has increased the consumer market in my country by 30 percent and created vast and virtually unlimited pools of manpower resources for foreign investment," he said.

"By 1960," he continued, "sales in wool, oil, iron and agricultural products will be up nearly 40 percent over 1955. The growth of Colombia has been carried out by the people and by its own

industry, but it needs private American capital to make further progress."

G. Restrepo Suárez, executive of Gaseosas Colombianas, S.A., noted that despite 10 years of domestic unrest, "Colombia is ready to move forward. It is very satisfying for Colombia to be able to show that its foreign investors have always prospered."

**UNTAPPED RESOURCES.** Opening the conference's panel on Colombia, Suárez enumerated some of Colombia's possibilities for foreign investment. He listed its bountiful surplus in petroleum production and resources as chief among these possibilities. But he was quick to add that Colombia's economy is not now and will not become dependent upon this factor alone.

"Uncharted coal and iron reserves," Suárez continued, "are just now becoming important in our economic thinking. What the future holds in store here is anybody's guess." He also included uranium discoveries and platinum and emerald mining in his estimate.

Other speakers turned their attention to the hydro-electric potential of the three Andean cordilleras streaking through Colombia from the Ecuadorian border to the waters of the Caribbean.

Chemical industries were also given attention.

"At the core of our foreign business," Suárez concluded, "is the coffee crop. Despite recent ups and downs of world coffee prices, to which our economy is still somewhat tied, Colombia's development has gone forward at an exceedingly rapid growth rate since the Second World War."

Banker Nourse, speaking for the North Americans on the panel, suggested two reasons for the partial failure of Latin America to attract private investment from North America. The dynamic expansion of the United States economy during the period since the end of World War II has created a tightening of the United States loan market. In addition, the low return ratio on investment in Latin America has made it "extremely difficult for us to get a great deal of private capital for investment." Canada's "tremendous economic boom" and the stability of its politics and foreign exchange has tended to attract "a great deal of capital that

\*From left: Dr. Eustaquio Méndez Delfino, economist H. A. Arnold, industrialist W. Latimer Gray, Rodolfo Katz, Robert deForest Boomer, Raul Lamuraglia, Arnaldo Massone and industrialist Leo D. Welch.

*Between panel sessions—a chance to make friends and talk business*



might otherwise have gone to Latin America," Nourse concluded.

## ARGENTINA

This panel came to the conclusion that "no international business organization of size can afford to stay out of Argentina." Robert deForest Boomer, director of Latin American subsidiaries of the Lone Star Cement Corporation and a founding director of *Visión* magazine and its Portuguese language edition, *Visão*, said that the Argentine discussions also faced up to the difficulties of "readjusting policies and the economy of that basically rich country after a stretch of 10 years of Peronista dictatorship."

Speakers in the Argentine section were confident that the "recent dark period in the history of the nation perpetrated by Perón's regime would not be repeated." Raul Lamuraglia, industrialist and director of the Central Bank of Argentina, was joined by Dr. Rodolfo Katz, publisher of the *Economic Review* of Buenos Aires, in claiming the Aramburu government is on solid ground.

Dr. Eustaquio Méndez Delfino, president of the Buenos Aires Stock Exchange, declared that "the process of fashioning a bright and promising future for Argentina may be slow, but it will be inexorable."

**NO NEW TYRANNY.** Both the Argentine and American members of this panel seemed agreed that the end of dictatorship—of the Perón type—had come for Argentina and that a return to this form of "tyrannical leadership" was not in the offing. Nevertheless, there was some disagreement on estimates of President Pedro Aramburu. Generally speaking, the Americans held a less favorable opinion of his policies than the Argentines. And they were likewise less optimistic about the coming Argentine election.

All the panelists were aware that many obstacles remain in the path of Argentina's growth and, more particularly, in the increased participation in that growth by American industry and finance.

"But the Argentine Republic needs capital to build up existing industries and to create new ones," Lamuraglia told his fellow panelists. "More than 10 years of squandering of the national wealth do not afford the most favorable prospects for the investment of foreign capital and industry. But the problems accumulated by the dictatorship (of Perón) have been solved one by one by the present government . . . which is endeavoring to make up for financial deficiencies with the utmost good will."

There was general agreement among the conferees that after a decade of dictatorship, it is not possible to jump into

freedom.

As Lamuraglia put it: "People want to see Argentina run. Please let Argentina walk first and then it will run."

Some speakers felt that the pamparich South American nation had already moved too fast from dictatorship to democracy and free economy. Arnaldo Massone, an Argentine businessman, made this observation following one of the panel sessions. He said that "we may be moving more speedily than we should and I think a word of caution is worthwhile here."

But there were also encouraging words for North American investors interested in Argentina. Lamuraglia said he believed his country would throw open its territory to oil exploitation by private companies within the near future. A government oil monopoly presently has exclusive rights to underground petroleum resources.

## VENEZUELA

Walter J. Donnelly, special representative of the United States Steel Corporation, pointed out that well over \$3 billion in United States capital is already at work in Venezuela and the upward trend of investments is expected to continue. In summarizing the work of his panel, he noted that the major snag in the sessions was the adverse effect in Venezuela of the recent restrictions on imports of petroleum into the United States.

But the attractive economic climate of Venezuela met with the approval of American panelists. Foreign corporations pay the same low taxes as domestic firms. According to William G. Coles, an American resident in Caracas working as a lawyer and businessman, the nation's oil revenues, which account for 60 percent of government income, allow the country to ease tax burdens in other areas and to encourage diversification.

This diversification is needed, the panelists agreed. More than \$100 million annually is being diverted into industries other than oil and mining. Total foreign investments are now quadruple what they were in 1950, the panel reported.

Donnelly, in opening the Venezuela panel discussions, told the group that the country's "decade of dynamic progress" has put Venezuela in "a unique position in the world, with no public foreign debt, a negligible internal debt, and the firmest currency in the world."

**OIL CURB PERIL.** He praised the "open door and non-discriminatory policy for foreign capital" and called the friendship between Venezuela and the United States "more important than ever before."

But this "near idyllic relationship could easily founder on the rock of oil

import restrictions," Joseph W. Foss, a Caracas financier, told the panel. Citing President Eisenhower's recent request that American petroleum interests voluntarily cut their crude oil imports by 20 percent in the coming year, Foss said that any general decrease in Venezuela's oil exports "is bound to have direct repercussions on the Venezuelan economy and her future growth as a customer for United States exports."

While hopeful that voluntary controls "will be minimized," he commented that American investors and Venezuelan oilmen are more concerned with the threat of "mandatory restrictions" in the future.

"If the reduction of imports is 20 percent and voluntary now," Foss commented, "is there reason to believe it won't be 50 percent and mandatory in the future?"

He remarked in conclusion:

"The United States has set itself up as the champion of increased and liber-



*Latin Americans—"just as sold on free enterprise" as the United States\**

alized international trade and private investment—free enterprise development of our neighbors in the Western Hemisphere. We must not give them cause to believe that these principles are good only until pressure from specific interests at home predominates. Our experience in Venezuela where private capital has operated in a climate of free enterprise under official encouragement and equitable treatment provides a classic example of the mutual benefits that can be derived from a common sense utilization of foreign capital by a country gifted with natural resources."

Robert N. Dolph, petroleum economics manager for Creole Petroleum Corporation, largest Venezuelan producer, said that the taxes paid by the oil interests in 1956 amounted to \$737,300,000, "the biggest single source of Venezuelan government income. This points up our role in Venezuela very forcefully," he added.

\*From left: C. Boice Nourse, Robert deForest Boomer, John Fayerweather.



Brazilian panel: agriculture vs industry as basis for a national economy\*

## BRAZIL

Henry W. Balgooyen, executive vice president of American and Foreign Power, said Brazilian officials and businessmen on his panel had reaffirmed once more their country's desire to do whatever is necessary to provide an "attractive opportunity and the right economic environment for foreign capital." Brazil today, he continued, has more United States investments than almost any other country in Latin America and this trend is expected to continue.

**VOTE FOR AGRICULTURE.** The Brazilian panel hit on some lively discussion during its three-day sitting. Professor Jacob Viner, of Princeton University, contended that Brazil, despite its enormous potential of mineral resources, should base its future economy on agriculture rather than on industry.

This contention of the Princeton economist drew a sharp and contradictory stand from other panelists. Principal spokesman for the view that the vast South American country—largest in Latin America and greater in land mass than the United States—should focus its attention on industry was Dr. José Gar-

rido Torres, editor of *Conjuntura Economica* of Rio de Janeiro.

Dr. Torres acknowledged that his country was troubled with what he called "dis-equilibrium," marked by inflation, a low per capita income and a generally unfavorable balance of trade. This condition, he said, was due in part to the "crisis of growth" since the end of World War II.

Unlike the United States and the countries of Western Europe, Dr. Torres asserted, Brazil must simultaneously industrialize and "make social reforms." Brazilians, he explained, yearn for the personal standard of living achieved in countries developed many years before. "We need cooperation from abroad in this endeavor, in the form of private investment capital to help achieve this double task," he concluded.

Dr. Viner, however, stuck to his contention, asserting that "the real future prosperity of Brazil rests on developing a prosperous agriculture."

Dr. Torres' challenge of some of Dr. Viner's statements were supported by others on the panel, including Clarence Dauphinot Jr., director-president of the Deltec Corporation, S.A., and Trajano Pupo Netto, manager, São Paulo branch of the First National City Bank of New York.

General consensus in this panel was that industrialization is the key to Brazil's future, just as panelists in the other sessions similarly agreed that industry must be developed to assure sound economic futures for those nations.

John F. McKiernan, president of the National Coffee Association of the United States of America, commented that greater industrialization is a matter of "pure necessity" for Brazil, but he added that it shouldn't be on "a forced-draft basis."

Most significant progress, he went on, has been made recently in automotive and chemical industries, although a con-

siderable expansion took place in light and heavy industries. Brazil's exports of coffee, although still enormous, have fallen off in recent years, he noted.

Among all Latin American republics last year, McKiernan said, Brazil kept first place as a supplier of the United States. As a buyer from the United States, she was in fifth place among the Latin American nations in 1956.

The Brazilian panel, together with the Mexican one, were the only two that devoted much attention to the economic effects of tourism. It has become increasingly important in Brazil.

## MEXICO

John Fayerweather, assistant professor of business administration of the Harvard Business School, said his Mexican panel found two fundamental points contributing to continued expansion of United States investment in that country.

First, the maturing stability of the government and country as a whole. Secondly, the dynamic growth of industry (10 percent a year in many industries). The question raised during the Mexican panel session was not "should we" invest in Mexico, but rather "how" to invest, he reported.

Eduardo Prieto López, vice president of Canada Consolidated Copper Company and president of Mexico's Federation of Industrial Chambers, said that foreign businessmen (the "risk-takers") and the new technical know-how, as well as political stability of the nation, are making Mexico the fastest growing nation in Latin America.

He enumerated three ways to



Henry W. Balgooyen  
Continuing investment trend

\*Seated from left: José Garrido Torres, Henry Balgooyen, Jacob Viner. Standing: economist Francisco Lele, industrialist Luis Roberto Vidal, Stacey May of the International Basic Economic Corp., John F. McKiernan, Trajano Pupo Netto and Clarence Dauphinot, Jr.



strengthen and encourage the continued expansion of United States markets in Mexico and the lands to the south, which he termed "the number one market of the United States."

They are:

1. Continuation of the program for more technical assistance;
2. More adequate and liberal policies on loans (bigger loans, smaller restrictions); and
3. Cooperation on raw materials and agricultural products, to create a more-stable producers' market.

López also urged adjustments in the trade barriers between the two countries, to help stimulate trade.

Mexico's economic development was traced by James Maddox of the American Universities Field Staff, from the start of "the modern Mexican nation with the Revolution of 1917." He pointed out that many of the objectives—"liberal and dynamic objectives"—of those early days have been carried over the ensuing years and virtually written into the new Mexican Constitution.

Maddox cited the fact that the results had broken the power of the large landholders and brought into power political leaders with progressive ways of thought. He asserted that many of these ideas were crystallized during the "active regime" of President Lázaro Cárdenas and much progress has been

made from 1940 to the present.

"Land reform, nationalization of oil, improvement of railways, and the development of an integrated highway system started under the Cárdenas administration," he added. Maddox's speech was the only one in the conference which did a thoroughly systematic job of tracing the history of the economic development of one of the five nations under study.

**ROADS & TOURISM.** Alexander Nimick, research director of Visión, Inc., said that development "of an integrated highway system was further along in Mexico than in any other Latin American nation." His remarks on highways led naturally into a discussion of the tourist trade.

Nimick said that Mexico had not adequately promoted its potential tourist trade despite the fact that Mexico today gets "a larger volume of American tourist dollars than England." Other panelists agreed with him. Success to date in the tourist industry was ascribed to "simply a natural growth."

Tourism today represents 30 percent of Mexico's earnings, the panel reported after devoting several hours to the subject.

**TACIT PROMISE.** A summary of these panel discussions cannot possibly tell the whole story of the Harvard conference. The purpose of the conclave

was "to identify and evaluate major trends which will influence the economies of certain Latin American countries during the next five to ten years, and their implications for the United States business community." The meeting probably did this for many of the participants, but they issued no overall statement of findings and results for the general public. This perhaps can be regretted.

One thing is certain: Latin America is on the threshold of another decade of opportunity. Speakers and panelists at the Harvard conference agreed on this, although they didn't map out this opportunity in clear terms.

Just exactly what this future holds may not be perfectly clear, but its general outlines can be seen. And the direction in which this future is to lie can in large measure be laid out by the careful planning, the willing response of Latin Americans and North Americans to recognize their mutual and their distinct problems and responsibilities.

With meetings such as the recent Harvard-Boston Globe sponsored conference, there is considerable expectation that this future will be mutually advantageous to Latin Americans as well as North Americans. This is certainly the hope of those who participated in the recent Boston meeting.

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## INTERVIEW: ROY R. RUBOTTOM, JR.

### The State Department's new chief for hemispheric affairs has some candid words to say about the United States, Latin America and . . . **SPUTNIKS, INFLATION AND FOREIGN AID**

**EDITOR'S NOTE:** In an exclusive interview with *LATIN AMERICAN REPORT*, Assistant Secretary of State for Inter-American Affairs Roy R. Rubottom, Jr. makes several straightforward and informative comments on major problems facing the United States and the nations to the south.

Mr. Rubottom officially assumed his present position in the Department of State June 18, following a long apprenticeship in acting capacity that prompted Secretary Dulles to comment wryly at swearing-in ceremonies: "This is not a shotgun marriage. We had a trial marriage of considerable length."

Secretary Dulles also commented on the 45-year-old Texan's youth, while praising him for his "tried and seasoned ability." To which Rubottom replied: "I feel like the young student who dreamed he was teaching the class and woke up to find that it was really true."

Rubottom served as acting secretary after the resignation of Henry F. Holland last September, and prior to that, had been deputy assistant secretary since May 1956.

Considering Rubottom's relative youth, he has had a long and varied career in the diplomatic service—much of it in Latin America. While still in the Navy in 1943, he was a naval liaison officer in Mexico, followed by a hitch as naval attaché in Paraguay. He was secretary to the embassy and consul at Bogotá from 1947 to 1949, during which time he was secretary for the U.S. delegation to the Ninth International Conference of American States, held at Bogotá in 1948.

Returning to Washington in 1950, the rising young diplomat became officer in charge of Mexican Affairs for the Department of State, and then director of the Office of Middle-American Affairs.

**Q. Do you believe that the recent evidences of Russia's technological advances have, to any great extent, hurt United States prestige in the eyes of Latin Americans?**

**A.** Certainly, these Russian technological advances have made an impact in Latin America. There is however, considerable understanding in Latin America that the launching of satellites in this International Geophysical Year was never intended to be a competitive matter. I do not believe that our Latin American friends have lost any of their faith in United States technological ability. Nevertheless, they do not like to see the USSR take the lead in any field over the Free World and are impatient for the United States to demonstrate its own scientific capabilities. Furthermore, the Latin Americans are naturally concerned by the military implications which the Russians, through their propaganda, would have the world believe are related to the development of their "Sputniks."

**Q. Some Brazilian sources see a relationship between Russia's successful launching of Sputniks I and II, and a consequent upturn of Red prestige in the world, with the recent decision of the**

**Brazilian Communist leader, Luiz Carlos Prestes, to seek to restore legality to himself and the Communist Party in Brazil. Do you foresee an intensification of Communist activities in Latin America?**

**A.** Yes. I would expect the Communists to take every opportunity to exploit propaganda advantages in Latin America which the Russians may have gained through the launching of Sputniks I and II. During recent months, there have been indications of increased Soviet bloc cultural, trade and propaganda activities in Latin America. It can be expected that the local communists, whose loyalty is to the USSR rather than to their own country, will attempt to intensify this Soviet penetration and to use the launching of the Russian satellites or any other similar events to further the Soviet cause.

**Q. Turning to economic matters, the subject of inflation in Latin America has been in the news lately. Is it your belief that the governments of the countries faced with this problem are doing everything possible? Is there any way by which the United States might be able to help?**

**A.** "Possible" is an elastic word and it would be presumptuous of me to say what is and what is not possible in any given domestic situation. I believe that the majority of the Latin American countries facing internal inflation are well aware of the dangers involved and are pursuing firm and intelligent policies. There are a few countries which might achieve greater economic progress by adopting more vigorous anti-inflationary policies.

In general, there has been a decided change in recent years in the attitude of Latin American governments on this whole subject. At one time, inflation was the rule rather than the exception in that part of the world. In recent years, however, the policies adopted by the financial and monetary authorities of many Latin American countries attest to a growing appreciation of the close connection between monetary stability and healthy, balanced growth. For this reason, primarily, I would hope for a further improvement in the situation in the near future.

The United States has assisted and is assisting Latin American countries to fight off inflation. A number of these countries have adopted economic stabilization programs which have been backed up by financial assistance from the United States in conjunction with the International Monetary Fund and, in some cases, from private United States banks. Bolivia, Paraguay and Chile are recent cases in point.

**Q. With reference to this year's Economic Conference which you attended in Buenos Aires, the United States has been criticized for coming to the Conference with a "negative approach to Latin American ideas but without anything positive to offer in their stead". What, if anything, did the United States contribute to the Conference in the way of "positive proposals"?**

**A.** If you do not mind, I would like to refer you for a detailed answer to this question to a recent address of mine

before the Council of Foreign Relations in New York. I affirmed then, and I repeat now, my belief that "the frank and friendly exchange of views" which took place at the Buenos Aires Economic Conference over a period of three weeks among officials charged with shaping the fiscal and economic policies of the American Republics "could not help but bring about constructive results." I also said that "An economic conference cannot in itself create the roads, the factories, the hydro-electric and other projects which will increase productivity and improve standards of living; a conference can only seek ways and means which will expedite the accomplishment of these jobs by the people themselves and their governments."

In Buenos Aires, the economic problems of the hemisphere were faced squarely and discussed frankly. Of 41 resolutions on a wide variety of subjects, all—with a single exception—were adopted unanimously. In few instances have international conferences such as this been able to arrive at such a high degree of unanimity.

**Q. What about the so-called new policy directive issued by the International Cooperation Administration last September 3 to the effect that United States Government aid will no longer be forthcoming to finance state-owned industry in other countries? What effect do you think such a policy will have in nations such as Brazil and Argentina, for example, where state ownership of industries such as petroleum is jealously guarded?**

**A.** I welcome the opportunity to clarify this important matter. In the first place, I recognize that the press reaction to the Policy Directive issued by ICA reflected varying interpretations. There was no doubt that some reporters came away from the ICA news conference with the impression that a new and tougher policy had been established. Subsequent press reports clarified this directive explaining that it amounted to nothing more than an affirmation of existing policy. The pertinent part of this directive reads:

"The United States is convinced that private ownership and operation of industrial and extractive enterprises contribute more effectively than public ownership and operation to the general improvement of the economy of a country through better management, research, quality control, lower prices, increased employment and capital growth.

"It is therefore a basic policy of the ICA to employ U.S. assistance to aid receiving countries in such a way as will encourage the development of the private sectors of their economies. Thus, ICA will normally not be prepared to finance publicly owned industrial and extractive enterprises, although it is realized that there may be exceptions."

As you can see, it is not a prohibition against extending aid in the public sector, but rather a reiteration of a long standing policy to emphasize the importance of domestic and foreign private investment in overseas development and of the view that an expansion in the private sector will, we believe, make an important contribution to the economic development of many underdeveloped countries. This is especially true in the case of Latin America where the rhythm of economic development in the private sector has been increasing steadily and notably, with minor cyclical variations, over the last decade. I also wish to emphasize that the United States recognizes that there will continue to be cases when the use of aid funds for industrial and extractive projects in the public sector will be in the interest of both governments. The Policy Directive provides for such exceptions and does not imply that the other country must conform to our pattern before we will consider whether it is in our mutual interest to extend assistance.

Talking specifically about petroleum development, I would

say that any country has the right to develop its oil resources as it sees fit. Based on our own experience in the United States—the tremendous risks that are involved and the high cost—we have been reluctant to use public funds for such purposes. At the same time, we have found that private capital is available in sufficient quantity on reasonable terms for investment in such enterprises.

**Q. The United States and Honduras recently concluded a treaty dealing with the question of double taxation. What provisions of this treaty, if any, provide incentive for the movement of United States private capital into Honduras? Are any other similar treaties now being negotiated with the Latin American nations?**

**A.** The income-tax treaty between the United States and Honduras came into effect on January 1, 1957. This treaty follows, in general, the pattern of income-tax treaties now in force between the United States and 19 other countries but is the first such treaty to be concluded with any of the American Republics. As such, the Honduran treaty reflects growing recognition of the utility of bilateral tax treaties in promoting private international trade and investment and increased Latin American interest in negotiating such treaties with the United States. We now have tax treaty negotiations under way, at various stages of advancement, with several other American Republics and additional negotiations are in prospect.

Our tax treaties, such as the one with Honduras, stimulate the flow of private investment and trade and promote economic development primarily by providing for the avoidance of double taxation and by establishing an orderly framework for the resolution of tax problems involving the fiscal authorities of both countries. Double taxation of income is avoided essentially through reciprocal tax credit provisions and agreed income source rules and through provisions restricting taxation of certain types of income to only one of the countries.

**Q. Recent reports from Washington indicate that the 1955 Treaty of Mutual Understanding and Cooperation between the United States and Panama has not yet been fully ratified by the United States Congress. What has caused this delay in ratification and what are the prospects for ratification of the pending sections of the treaty in the near future, and particularly, for the appropriation of funds, for the promised Balboa Bridge?**







**A.** The 1955 Treaty of Mutual Understanding and Cooperation together with the related Memorandum of Understandings reached between the United States and Panama was ratified by Panama on August 15, 1955 and by the United States on August 17, 1955. The Treaty and Memorandum entered into force on August 23, 1955.

In the Treaty and Memorandum the United States obligated itself to seek legislative authority from the Congress to implement certain commitments. Accordingly, the Executive Branch proposed and recommended enactment of appropriate legislation during the First Session of the 85th Congress, (1) to authorize conveyance of various lands and improvements to Panama; (2) to appropriate initial funds for construction of a high-level bridge over the Pacific end of the Panama Canal at Balboa, Canal Zone; and (3) to establish a uniform wage scale and retirement system and other employment benefits in the Canal Zone. The Congress considered the proposed legislation and enacted Public Law 85-223, a land conveyance bill which was approved on August 30, 1957. The formal instrument of conveyance of such lands and improvements was delivered to the Panamanian Government on November 7, 1957. The Congress also passed Public Law 85-170 which appropriated, among other items, \$750,000 for expenses necessary for work preliminary to the construction of a high-level bridge across the Panama Canal at Balboa, Canal Zone. This law was approved on August 28, 1957.

During the First Session of the 85th Congress the Senate passed S. 1850, a bill to adjust conditions of employment in departments or agencies in the Canal Zone. A Sub-committee of the House Post Office and Civil Service Committee held preliminary hearings on H.R. 6708, a bill almost identical to S. 1850, but did not complete its hearings or consideration before the Congress adjourned. The Sub-committee is now holding hearings in the Canal Zone to consider further various aspects of the proposed legislation.

**Q.** Now that Dr. Francisco Duvalier has taken office as President of Haiti, he has stated he will seek United States help in trying to straighten out the muddled economic affairs of his country. Do you foresee extensive U.S. aid to Haiti if the new President is able to establish a stable regime?

**A.** The United States, of course, has long been interested in the welfare and prosperity of the Haitian people, as it has in our other sister republics in the Americas, and wishes to continue to have close and friendly relations with Haiti. Political stability is naturally essential before a country can look forward to long-term economic development and, in the case of Haiti, it has direct and immediate effects on the volume of tourist travel, which in 1956 provided 15 percent of Haiti's earned dollar income.

During the past three years the United States has made available more than \$30 million in loans and grants for programs of relief and economic development in Haiti. The extent to which we believe we can give further assistance will depend upon the need for the assistance which can be demonstrated and upon Haiti's ability to utilize such aid effectively.

In addition to the question of stability, both of these factors are dependent upon such considerations as good administrative practices and sound planning.

**Q.** What is the official position of the United States in respect to the situation in Guatemala? Will the United States continue its large-scale economic aid program to Guatemala regardless of the eventual outcome of the political struggle? Does the Department see any evidence of Communist manipulation of events in Guatemala?

**A.** The United States is following political developments in Guatemala with the closest interest, and it maintains normal diplomatic relations with the Government of President Guillermo Flores Avendaño. New presidential elections have been set for January 19, 1958, when, it is to be hoped, the Guatemalan people will be able to select the man of their choice for a six-year term of office.

The economic aid and technical assistance programs of the United States in Guatemala have been successful and are continuing normally. We constantly review these programs, and modifications in them may be made from time to time, following consultations between the two governments. Obviously when Guatemala reaches the point where further aid is unnecessary, we would expect to terminate such aid.

There is evidence that communists are trying to take advantage of the present political situation by infiltration into existing Guatemalan organizations, along their usual subversive lines, and there have also been reports of the return of communist and pro-communist Guatemalans from abroad. If the country's anti-communist element avoids fragmentation and dispersion of their political strength, the efforts of the pro-communist minority will presumably be thwarted.

**Q.** Since this is the first opportunity we have had to talk with you since you assumed your post as Assistant Secretary for Latin American Affairs, would you care to comment on any of the many problems facing you in this post, or on any such long-range policies as you are putting into effect, or plan to put into effect?

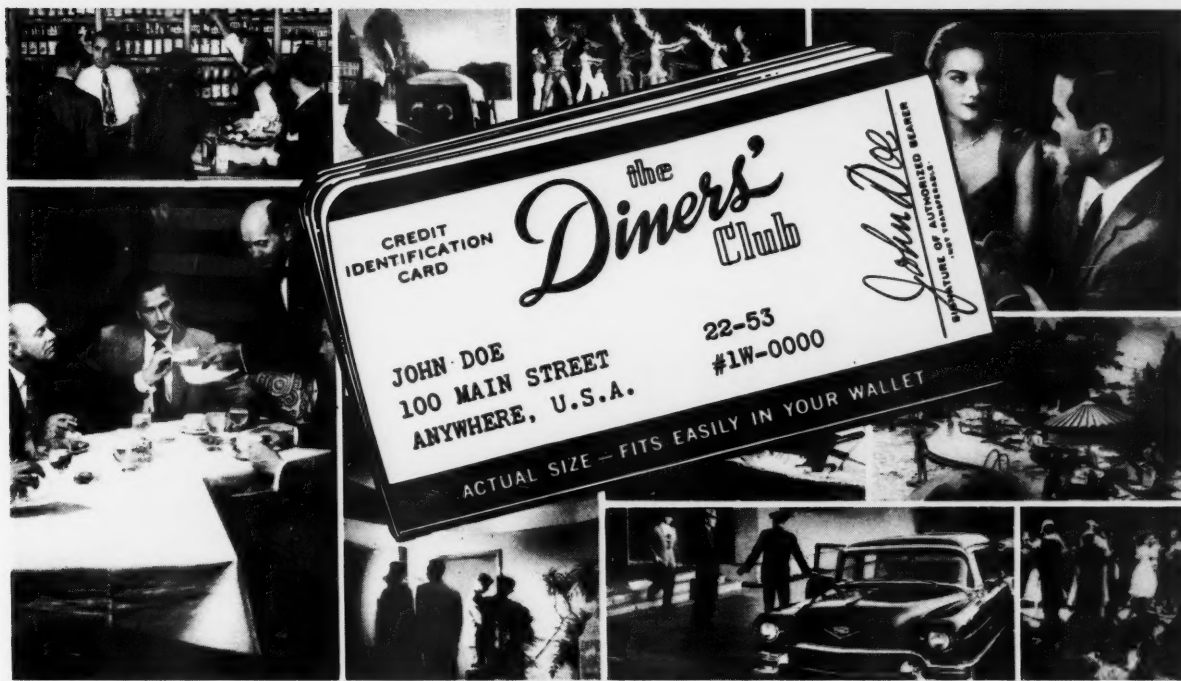
**A.** First, I would like to thank the editors of the *Latin American Report* for this opportunity to make known the views of the Department of State concerning the relations of the United States of America with our neighbors to the South.

Of course, we have pending problems with certain countries in this area, but that is to be expected. What is important is that both sides generally are approaching the solution of these problems in a frank and friendly fashion. As I have noted previously in public announcements, the inter-American family of nations is distinguished particularly not only by a feeling of being good neighbors and good partners but also by a sense of spiritual kinship built on good faith. On such a basis, none of these problems is impossible of solution; some are only more difficult to settle than others. I have no dramatic, rabbit-from-a-hat policies to offer, nor do I feel such are necessary. This is not to imply that I think United States policy toward Latin American is so perfect that it can remain static and does not merit attempts at refinement or improvement.

What I am convinced of, however, is that the fundamental set of principles presently guiding the inter-American community are by far the best yet devised for the establishment of a mutually acceptable basis of regional international cooperation. These principles are essentially: (1) the recognition of the sovereign equality of states; (2) the duty to settle disputes by peaceful means; (3) the doctrine of non-intervention by one state in the internal affairs of another. On this set of principles, I believe that the peoples of the Americas can go forward together to achieve both individual and collective well-being and spiritual progress in a climate of peaceful interdependence.

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